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DIRECTOR of CENTRAL INTELLIGENCE

Perspective of the Intelligence Environment

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THE DCI'S PERSPECTIVE OF THE INTELLIGENCE ENVIRONMENT

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THE DCI's PERSPECTIVE OF THE INTELLIGENCE ENVIRONMENT

I. TRENDS IN THE WORLD SITUATION

A. General

1. The pace of change in foreign political, economic, and military affairs has increased in recent years, in large part because of Presidential initiatives in the field of foreign affairs. This rapidly changing environment will necessitate changes in the emphasis and priorities of intelligence activities. During the next few years we will have to meet a growing demand for foreign political and economic intelligence. In particular, information concerning economic threats to our national interest and our access to key natural resources will take on ever-increasing importance.

2. Nevertheless, for the next few years, it appears that military intelligence will retain a high priority. Until recently, our high interest in the strategic weapons program of the USSR stemmed from the traditional military need to keep track of enemy capabilities; now there is the need to monitor Soviet compliance with SAL agreements. But the growing need for other categories of military intelligence will decrease the relative importance of the Soviet strategic weapons program. SALT II, MBFR, CTB and any agreements arising from those efforts will add to the demand for military intelligence, as will the still unsettled situations in Southeast Asia and the Middle East.

B. The USSR-PRC-US Triangle

3. Very few matters of importance in world affairs will arise in the 70's which will not be affected by the relationships among the US, USSR and PRC. Two major developments produced the current relationships: the USSR achieved strategic nuclear parity with the US, and the Sino-Soviet conflict entered the phase of military confrontation. These factors have combined in various ways to reinforce trends in both the USSR and PRC toward policies of detente *vis-à-vis* the West. The desire of each communist power to prevent the other from gaining relatively greater favor with the US has tended to produce restraint in the face of strong US initiatives. Both have issued unmistakable signals indicating that a continued US military presence in Asia is desirable. Such behavior and attitudes seemed unbelievable a few years ago.

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4. While the Soviets appear to have accepted strategic parity as a *modus vivendi* with the US, they retain the option of building on their current capabilities in an effort to achieve strategic superiority. Should they desire to do so, the size and nature of their strategic attack forces would permit them to make qualitative improvements (e.g., high accuracy MIRV's) which could put the US at a serious strategic disadvantage. Such a development, coupled with a sharp improvement in Soviet strategic defenses, could make the disadvantage critical, although such a major relative improvement appears unlikely. In view of its potential importance to national security, this possibility must be a leading concern to the intelligence community.

5. Aspects of the Sino-Soviet confrontation are changing daily. The Chinese are devoting a great deal of their energies to building military and political defenses against the Soviet Union. The Soviets are continuing to improve their capabilities for military contingencies along their borders and are trying to contain China through political and military actions all around China's borders. The seeds of armed conflict are firmly planted. While there are differing views as to the likelihood of a major Sino-Soviet armed clash, it is the most likely of postulated wars between major powers. It is not likely, however, that the Chinese, in an inferior military position, would deliberately precipitate a war. The Soviets might.

6. At some point in the 1970's, Chinese nuclear power will reach the point where Peking need no longer fear a rational Soviet military action. With a nuclear balance no longer overwhelmingly favorable to the USSR, the two communist powers may move toward reconciliation. During the same time frame Peking might develop a limited nuclear capability against the United States. These developments could sharply reduce China's need to rely on US goodwill to counterbalance the Soviets. Further, the advanced age of Mao, Chou EnLai and other key Chinese leaders is almost certain to result in a succession problem in the near future, the outcome of which could radically change the foreign policy of the PRC.

7. Any fundamental change in the nature of the Sino-Soviet confrontation will have a profound impact on US policy. Intelligence related to this subject will require more priority than it now enjoys.

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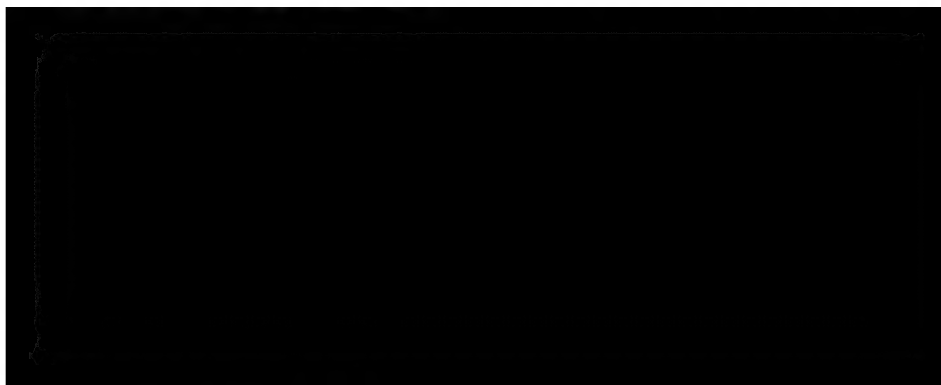
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C. The Multipolar World

8. The new pattern of relationships among the three great powers has thrust two other important power centers into the area of prime intelligence interest -- Western Europe and Japan. Five years ago these power centers saw themselves essentially threatened by one superpower and protected by the other. Now they find themselves courted by both superpowers and believe they are not much threatened by either. This provides their governments a sharply increased flexibility in serving their own national interests which are not always aligned with those of the US. From time to time economic rivalry distorts the image of the United States as political and military ally. This tendency is also evident among other previously staunch allies of lesser power as well, e.g., Australia, New Zealand, Canada, Mexico, and in Latin America. In combination, new world relationships raise the spectre of serious economic threats to US interests.

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D. NATO-Warsaw Pact

10. For some time now Soviet initiatives for detente with Western Europe have been pressed -- and greeted -- with varying degrees of enthusiasm. The attraction of detente for the Soviets is always tempered by their concern for maintaining hegemony in Eastern Europe. And, while both West and East European political leaders have long desired an easing of tensions, some on both sides fear that permanent cession of Eastern Europe to strict Soviet dominance may be one result. Also, the continued cohesion of the NATO alliance and its effectiveness as a deterrent to Warsaw Pact military pressures is by no means assured. A confident measure of the relative military strength -- particularly conventional strength -- of the two

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alliances is a key intelligence problem. We must find ways to insure high confidence levels in our estimates in this area so that we and our NATO allies have a clear and mutual understanding of the nature of the threat.

E. The Third World

11. We can expect conflicts of various size and of varying impact on US interests to continue or to arise in the Third World throughout the 1970's. Some of them will be aided and abetted by either the USSR or PRC.

12. The Soviets will probably become more active in the affairs of the smaller states. The traditional Russian (Tsarist or Soviet) drive to establish a strategically secure warm water route to the Soviet Far East has been reinforced by the Sino-Soviet conflict. Thus, Soviet interest and presence in the Suez-Indian Ocean-Southeast Asia Straits route to the Far East can be expected to persist and to grow. Further, the achievement of nuclear parity reduces the risks to the USSR of a confrontation with US interests in the Third World. At the same time it releases resources which Moscow could use to build up its nascent military capability to stand its ground in distant areas. Competition with the Chinese will further impel the Soviets into activity in the Third World.

F. Middle East

13. The state of Arab-Israeli hostilities and Soviet efforts to expand their influence in the area will continue to be major targets of US intelligence attention in the Middle East. Arab control of oil resources and the leverage this could provide the radical regimes in world markets is a problem of increasing concern to policymakers. Moreover, Soviet interest in Middle Eastern oil is likely to grow. At some point, the Soviets could try to deny Middle Eastern oil to the West and Japan. And, in the 1980's, they might be interested in it for their own use or for the use of other Bloc countries.

14. The Soviets have placed their bets on the radical Arab nationalists in the area. The cement holding their Arab allies together in an anti-US stance is the hatred of Israel; thus, the Soviets would not welcome a real solution to the Arab-Israeli conflict. On the other hand, they want the Suez Canal opened. This goal would be set back by open warfare -- particularly if their clients were to lose again -- and can be served only by some limited form of agreement between the hostile parties.

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G. Southeast Asia

16. It is unlikely that all fighting will cease in Southeast Asia before 1980. All countries in the area face on-going or latent insurgencies. Defeat by insurgents of any of the local governments -- especially those of South Vietnam, Thailand or the Philippines -- could have serious consequences for US interests, as could Sino-Soviet competition in this area. For some time to come, intelligence will be called upon to provide the extensive reporting necessary to keep abreast of or anticipate developments in Southeast Asia.

H. Other Potential Trouble Spots

17. The Balkans, South Asia, Latin America, and the confrontation of black and white dominated nations of Africa bear the seeds of serious impact on US interests. In the Balkans, the passing of Tito might tempt the Soviets to try to return Yugoslavia to the orthodox communist fold. In South Asia, an attempt to further dismember Pakistan could drag the great powers into confrontation. In Latin America, pressures from radical regimes could become intolerable to neighboring states or to US interests. In Africa, frustrated black nationalism could cause an eruption of open hostilities. We must provide enough intelligence to permit warning and accurate evaluation of crises in these areas.

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II. PRIMARY INTELLIGENCE PROBLEMS

A. Warning

18. Tactical warning of the imminence of hostile attack against the US, its deployed forces, or its major allies is primarily a military problem associated with military operational decisionmaking. Strategic warning, warning of impending political or economic crises, coups or hostile action involving third countries is a national intelligence problem associated more broadly with decisionmaking by our national leaders. The two types of warning have become mixed over the years. We need to delineate functions and establish priorities if we are to insure that adequate political, economic and military intelligence is available to provide warning to US policymakers prior to the onset of a crisis in any area of the world.

19. To this end, we should systematically reexamine our total warning intelligence effort. The efficiency and reliability of our programs to collect and analyze strategic warning indicators bear directly on the community's need for tactical warning expenditures. We must clarify the relationship between warning intelligence and normal current intelligence. And we must determine our degree of confidence in the ability of the strategic warning system to yield adequate evidence of hostile intentions and heightened probabilities of hostile action.

20. We need to maintain a clear awareness of the balance between resources committed to providing warning of various levels of hostilities and the likelihood of such hostilities occurring. Our warning systems were predicated on the Soviet Union's capacity and possible intent to build up missile and bomber forces capable of launching a rational massive strategic attack against the US. This underlying planning factor should be reexamined given the implications of arms limitation agreements.

B. Current Intelligence

21. Many of our principal national level consumers are not being well served by our current intelligence efforts. We must devise methods for getting meaningful evaluations of current intelligence items to key consumers as events occur and as intelligence comment is required by the user.

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22. We are issuing an excessive number of current intelligence products and I intend to reduce that number. In times of crisis, we have deluged decisionmakers with current items, for the most part uncoordinated and sometimes contradictory. We must improve our system to provide a timely and concise analysis of the situation, directed to the policy issues under consideration, without submerging justifiable divergent judgments.

C. Estimates and Net Assessments

23. Our system for producing estimates for national-level users needs improvement. Users of these products have criticized them in the past for imprecision of judgment, general wordiness, and slow response. The NIE machinery should be made more responsive to the needs of the consumer -- essentially the NSC--and it should provide community input to all NSC requirements (NSSMs, WSAG, SRG, etc). In addition to the recent USIB redefinition of the national estimates products, I am considering other ways to increase the involvement of the user and to sharpen the focus and judgments of national estimative intelligence.

24. In whatever form we produce intelligence, we must make the product useful for policy formulation. It is not our function to become advocates of particular policies, but it is our duty to prepare balanced intelligence judgments within the framework of policy options under consideration. The attitudes and actions of the United States government as a rule have a major impact on the actions of foreign governments. To ignore this in our estimates is to produce poor intelligence.

D. Arms Control Intelligence

25. **SALT:** Intelligence must provide continuing assurance to US officials of Soviet compliance with the Strategic Arms Limitation Agreement, and it must be watchful for political or other indicators to provide timely warning of a Soviet violation. Our collection capabilities to detect testing and deployment should be adequate for monitoring the physical indications of compliance. Far more difficult will be the task of discerning Soviet intentions, particularly if this should involve preparations and actions to conceal violations. Current capabilities do not provide adequate information on Soviet planning and on the early phases of Soviet military R&D. We must improve our collection and analysis efforts in this area, and we must seek new, more fruitful approaches to the problem.

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26. **MBFR:** Intelligence capabilities to support MBFR negotiations and to monitor an agreement are much lower than those pertinent to SAL agreements. Our present levels of confidence in size, manning levels, and general posture of Soviet (let alone East European) theater forces are inadequate to insure timely detection and measurement of violations of any very precise agreement. Removal of major combat units from East Europe to the USSR could be monitored with high confidence, but not their reintroduction.

25X1D 27. The mobility of theater forces (as contrasted with fixed weapons systems such as ICBM's) further compounds the problem. [REDACTED]

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[REDACTED]
Intelligence from human sources will be called upon to bear an increasingly critical share of the collection burden in this area.

E. International Trade and Finance

28. Balance of payments problems and attacks on the dollar in world money markets highlight the fact that, in a relatively stable nuclear parity environment, concern for military security must be matched by concern for economic security. We will be called upon for continuing support to policy level needs for economic data on China and the Soviet Union. [REDACTED]

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29. Analytic capabilities of the intelligence offices involved with economic intelligence are being strengthened. Efforts are underway to improve coordination among the various agencies concerned with this problem. Collection, too, must be improved. We need more extensive exploitation of open-source materials [REDACTED]

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F. Narcotics

30. The intelligence community has identified nearly 100 countries which are important to US efforts to suppress illicit drug traffic. Intelligence on drug traffic in five of these countries – France, Turkey, Mexico, Burma

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and Thailand -- is of major importance to the US. It is of considerable importance in nineteen other countries. So long as the drug problem continues to be of major concern in the United States, the intelligence community can expect to be involved in some way in acquiring information abroad relating to the control of drug traffic and the illicit production of drugs.

G. Some New Global Problems

31. The world situation being as uncertain as it is, there is no assurance that all of the intelligence problems which will be of importance to the United States during the balance of this decade can be identified at this time. US policy-makers might be faced in the future with complex issues, multinational in scope and not susceptible to solution by normal country-to-country negotiations. Environmental crises, international terrorism, hijacking, marine pollution -- the list of possibilities is quite extensive. It is obvious that we must maintain an array of skills and sufficient flexibility to deal with new problems in a way which satisfies policy level needs as they arise.

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